



HOUSEHOLD CONSUMPTION EXPENDITURE SURVEY: ECONOMY

NEWS: *Food spending rises in rural areas, gap with urban centres shrinks*

WHAT'S IN THE NEWS?

The **Household Consumption Expenditure Survey (HCES) 2023-24** reveals rising food expenditure, narrowing rural-urban disparities, and reduced inequality, with rural areas driving consumption growth. The data highlights shifting consumption dynamics and calls for targeted policies to address regional and income-based disparities.

Household Consumption Expenditure Survey (HCES)

- **Objective:** Collects information on household consumption of goods and services.
- **Conducted by:** NSSO under the Ministry of Statistics and Programme Implementation (MoSPI).
- **Frequency:** Initially annual (from 1950-51), now conducted roughly every 5 years.
 - The 2017-18 survey was discarded citing "data quality" issues.
- **Utility:** Provides data on consumption patterns, standard of living, GDP, poverty levels, and Consumer Price Inflation.

Key Findings of HCES 2023-24

1. Rising Food Expenditure Trends

- Rural households: 47.04% of monthly consumption (up from 46.38% in 2022-23).
- Urban households: 39.68% (up from 39.17% in 2022-23).
- Likely due to higher food prices.

2. Narrowing Urban-Rural Gap in Spending

- Rural per capita spending: ₹4,122 (9.3% increase).
- Urban per capita spending: ₹6,996 (lower growth).
- Rural-urban spending gap reduced to 69.7% (down from 71.2% in 2022-23).

3. Consumption Patterns Across Income Groups

- Spending increased across all groups except the top 5% in both rural and urban areas.
- Bottom 20% saw the highest increase:
 - Rural: +19.2%
 - Urban: +18%

4. Reduced Consumption Inequality

- Gini coefficient declined:
 - Rural: 0.266 to 0.237.
 - Urban: 0.314 to 0.284.
- Linked to social welfare programmes.

5. Food and Non-Food Expenditure

- Increased spending on cereals, beverages, and processed foods.
- Non-food expenditure:



- Rural: 52.96%.
- Urban: 60.32%.
- Key contributors: conveyance, medical expenses, and rent.

6. Regional Disparities

AVERAGE MPCE (₹) OVER DIFFERENT PERIODS			
	2011-12*	2022-23	2023-24
Rural	1,430	3,773	4,122
Urban	2,630	6,459	6,996
DIFFERENCE AS %			
of Rural MPCE	83.9	71.2	69.7

*68th round; MPCE: Monthly per capita expenditure

- High spending in Maharashtra, Kerala, and Gujarat.
- Low spending in Bihar, Odisha, and Uttar Pradesh.
- Rajasthan showed higher rural spending but lower urban spending than the national average.

Significance of Consumer Expenditure Survey (CES)

- **Economic Demand Assessment:** Highlights shifts in demand and consumption priorities.
- **Growth Trends:** Assesses living standards and growth across different economic strata.
- **Policy and Forecasting Tool:**
 - Detects structural anomalies.
 - Aids GDP rebasing and economic indicators.

Source: <https://indianexpress.com/article/business/food-spending-rural-areas-gap-urban-household-consumption-survey-2023-24-9747907/>